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Chairman Davis and members of the Committee on Government Reform, on behalf of the State of Maryland and Baltimore/Washington International Thurgood Marshall Airport (BWI), thank you for this opportunity to share BWI's experience in designing, financing and installing our integrated (or in-line) checked baggage screening system. I also appreciate the chance to provide my thoughts on how airports and federal policymakers can work together to finance costly in-line bag-screening improvements in the future.

My name is Tim Campbell, and I am the Executive Director of the Maryland Aviation Administration (MAA). MAA is the owner and operator of BWI and Martin State Airport, a designated general aviation reliever airport. MAA also is responsible for a statewide aviation program that oversees and supports general aviation airports within Maryland.

BWI is Maryland's largest commercial airport and the largest origination and destination (O&D) airport within the Metropolitan Washington area. BWI's status as an O&D airport is significant because O&D passengers, rather than connecting passengers, are the users of airport baggage handling systems (BHS). In 2005, BWI welcomed over 19.7 million passengers, approximately 16.2 million of whom were O&D passengers.

Concourse A/B

Of the 18 scheduled passenger airlines presently serving BWI, Southwest Airlines (Southwest) is BWI's largest air carrier partner. On May 18, 2005, BWI opened its new terminal addition, Concourse A/B, for Southwest. Though not fully completed until spring 2006, Concourse A/B is a 600,000 sq. ft. facility that currently accommodates 165 daily departures for Southwest and handles approximately 50 percent of BWI's overall daily commercial flights and passenger traffic. Concourse A/B also is equipped with a state-of-the-art, fully-automated BHS that is designed to screen a maximum of 2,400 bags per hour.

The collective design and construction costs for Concourse A/B and related roadway and airfield improvements have totaled approximately $279 million. These costs are financed primarily through bonds issued on behalf of MAA by the Maryland Economic Development Corporation, a State-chartered, private corporation. Approximately $74 million of the overall design and construction costs have been provided directly by the State of Maryland, Southwest, BAA (BWI's concessions developer), and with Airport funds generated from Passenger Facility Charges. In October 2005, the Transportation Security Administration (TSA) provided $10 million to partially reimburse the MAA for the security-related portions of the in-line BHS.

In 2001, before the 9/11 terrorist attacks, Southwest, in cooperation with MAA, was leading the design for Concourse A/B. Southwest, BWI's then fastest growing commercial air carrier, saw a need to consolidate and expand their operations at BWI. The original, pre-9/11 design of Concourse A/B incorporated a standard BHS. After the 9/11 attacks and the subsequent federal mandate to electronically screen all checked baggage,[1] MAA and Southwest, in consultation and direct coordination with the Federal Aviation Administration (FAA) and TSA, redesigned Concourse A/B's BHS and expanded the building to integrate the BHS with six explosive detection system (EDS) machines. The addition of these six, networked EDS units and related major design revisions succeeded in making baggage security screening an automated process.

The decision to move forward with an in-line system was not an easy one for the Airport or Southwest considering the added costs of these upgrades, which totaled roughly $20 million above and beyond Concourse A/B's original estimated design and construction costs.[2] At the time, there was no "guarantee of funding" from TSA for these added costs, other than the provision of the EDS machines and verbal assurances that TSA would consider our situation. Despite these reservations, MAA and Southwest decided to move forward with installing the in-line system.

Although TSA did not commit to reimbursing MAA for any of the TSA-related project costs until just before the opening of Concourse A/B, TSA worked very closely with MAA and Southwest in designing the security areas of the new terminal. These security areas required extensive design changes before and throughout the construction process.

I should note that TSA was instrumental in ensuring that the necessary EDS equipment was delivered in a timely fashion to meet our construction milestones. Our local and national TSA contacts were very supportive of our efforts and arranged for technical support for the EDS machines at critical points throughout the project. In addition, TSA's senior leadership, including TSA Director Kip Hawley, former TSA Administrator Admiral David Stone, Tom Blank, Dr. Randy Null and Chuck Burke, were always accessible and responsive to our concerns and requests for assistance. Mindful of our cooperative approach and strained fiscal situation, TSA's senior leadership greatly assisted the project by executing the $10 million funding agreement to partially reimburse the Airport for the some of the TSA-related project costs. Again, MAA received these reimbursement funds in October 2005. As we near completion of the final phase of the Concourse A/B project, TSA continues to assist MAA and Southwest as we invest in maximizing the performance of the in-line system.

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[1] By way of background, BWI was one of the nation's first airports to comprehensively address and then comply with the Congressional mandate to achieve 100-percent checked baggage screening using EDS and explosives trace detection equipment by December 31, 2002. This mandate was achieved largely due to the excellent coordination and cooperation between TSA, MAA and BWI's airline partners, and by utilizing then-available federal and state funding sources.

[2] The approximately $20 million cost for the TSA-related portions of the project included: (a) $13 million for the installation of in-line EDS, (b) $3.5 million for TSA-related building infrastructure costs, such as the in-line EDS area and computer and break room spaces for TSA personnel (excluding the passenger screening checkpoint areas), and (c) $3.5 million for professional services and project management fees and contingencies as a result of the federal security mandates.

Benefits to TSA

Prior to the opening of Concourse A/B, the screening operation at BWI was similar to many other airports of our size. And, despite our recent advances with in-line screening in Concourse A/B, we continue to use a combination of stand-alone and quasi-in-line EDS for our other, non-Southwest airline tenants. Compared to Concourse A/B's in-line system, the conventional bag-screening process involves a far more inefficient use of TSA personnel, some of whom perform labor-intensive baggage-screening duties. These duties oftentimes include the carrying of bags from conveyor belt to EDS machine and EDS machine to conveyor belt. In addition, quasi-in-line improvements to existing bag belt alignments generally are only a temporary solution to meet existing capacity demands.

It is my understanding, based on TSA reports, that Concourse A/B's in-line BHS has provided substantial benefits to TSA. For instance, by installing in-line EDS within Concourse A/B, the number of TSA security officers assigned to baggage screening has been reduced considerably. Those employees have been freed to work on passenger screening or other security-related functions. I also understand that these personnel savings have factored into TSA's recent decision to reduce screener levels at BWI. Additionally, Concourse A/B's in-line BHS has significantly reduced the attrition rate, serious injuries and the workers' compensation claims for those TSA personnel deployed in the baggage screening areas.

Moreover, in-line EDS has allowed TSA to process bags at a much faster rate than manual screening. It also has enhanced security by nearly eliminating the need to use explosive trace detection (ETD) equipment to inspect bags during peak travel periods. Finally, in-line EDS has capitalized on the resolution performance of EDS units, maximizing the utilization and effectiveness of this equipment.

Concourse A/B's in-line system has certainly enhanced security, as well as lowered screening costs for TSA. TSA's $10 million contribution towards our in-line system has clearly produced a positive return on investment for TSA and the federal government as a whole.

For these and other reasons, there is strong justification for Congress and the Administration to increase funding and/or pursue innovative financing mechanisms for the installation of in-line baggage screening improvements throughout the Nation's airports, including the three main airports within the Metropolitan Washington area.

Future Funding for In-Line Installations

Because of budget constraints and competing federal priorities, federal funding for in-line EDS installation has been insufficient to meet the needs of airports and to satisfactorily improve safety and security for the users of the aviation system. I applaud TSA in its ongoing efforts to examine various "creative financing" alternatives to support in-line EDS investments. One such approach would authorize TSA to enter into "share-in-savings" agreements with airports. These agreements would allow airports to provide the initial capital to install in-line systems with the promise that TSA will reimburse those airports over time with the savings achieved through TSA screener reductions, lower workers' compensation payments, and reductions in equipment and equipment maintenance costs.

TSA has recently established a new subcommittee to its Aviation Security Advisory Committee (ASAC) to examine technical and financial solutions to the challenges of installing these capital-intensive in-line systems. MAA's Deputy Executive Director for Finance and Administration, Jim Walsh, is a member of the new ASAC subcommittee, and we intend, as a large hub/Category X airport, to be fully involved in the funding debate for future in-line systems.

Individually, MAA has been proactively analyzing the costs and benefits of retrofitting the remaining three concourses of the BWI Terminal Building with in-line BHS. We have determined that, with each of these three separate projects, TSA would achieve substantial cost-savings by requiring far fewer EDS machines to screen checked baggage. Fewer EDS units would result in significant reductions in TSA staffing, workers' compensation claims, EDS equipment, and equipment maintenance costs. However, without a commitment from TSA to help fund these projects, MAA and our airline partners are reluctant to proceed with these costly undertakings. We have provided TSA with a summary of our cost-benefit analyses and are ready to work with them to pursue in-line system improvements; however, to move forward, TSA must be given the adequate resources and/or the authority to help finance the installation of our proposed in-line systems and those of other airports.

Passenger Facility Charges as Funding Source

Currently, many airports are financing in-line EDS installation projects with revenues collected through the Passenger Facility Charge (PFC) program. Under existing federal law, an airport may charge a maximum PFC of $4.50 for every enplaned passenger. This fee is collected by the airlines and paid directly to the airport. Although there is no direct government involvement with the collection of these funds, a PFC cannot be established at an airport without FAA approval.

PFC revenues can be used for various airport projects, both large and small, including BHS improvements. Despite this revenue stream, an airport typically has a finite amount of PFC revenue with which to work. The airport, in consultation with its airline partners, must prioritize its PFC-funded projects. The existing PFC cap of $4.50, which has not been changed since 2000, frequently restricts an airport's ability to fund costly terminal modifications, which are oftentimes required to address existing and/or future capacity demands placed on the BHS as a result of the 2002 federal mandate to screen all checked baggage with EDS or ETD technology.

In an effort to address this problem, federal leaders should consider whether to increase or lift the PFC threshold or, concurrently or alternatively, to create a special PFC authority for airports to use to address these and other under-funded security challenges. Under the latter proposal, an airport would be allowed to assess, with TSA's approval, a special PFC for security-related projects. This special PFC authority could be restricted by limiting the fee to a nominal level, perhaps between $1.00 and $2.00 per enplaned passenger, and within a statutory or negotiated timeframe (for example, four years). Revenues collected from this special PFC assessment only could be used for TSA-related capital projects and its use would require TSA's advance approval. This is just one of several ideas for federal policymakers to consider in addressing this challenging and incredibly expensive issue.

Thank you again for providing me with this opportunity to address this distinguished committee, and for allowing me to offer my thoughts on how TSA and airports can work together to fund costly in-line bag-screening improvements in the future. I look forward to answering any questions.